



## THE FINE PRINT SHOWS: THE GOP PRESCRIPTION DRUG BILL IS A BITTER PILL FOR SENIORS TO SWALLOW



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[Orange County Register, 6/15/03]

*The House is expected to vote on an inadequate Republican bill to provide prescription drug coverage for seniors this week. Republican rhetoric may sound good far but the fine print shows that this bill would be a bitter pill for seniors to swallow. The Republican bill is designed to privatize the Medicare program and force seniors out of traditional Medicare into private insurance plans without providing them a guaranteed and defined drug benefit – seniors could end up paying more than they do now or with not coverage at all. It also fails to guarantee equal benefits and coverage for seniors who live in rural communities. And it prohibits the Health and Human Services Secretary from negotiating lower drug prices to help seniors and the government save money. The Republican bill is a cynical ploy to inoculate the GOP on this issue for the 2004 election. Democrats have been and will continue to fight for what seniors expect and deserve: an affordable, universal, guaranteed, and voluntary prescription drug benefit under Medicare. As the comments compiled below demonstrates, the Republican bill is none of these things.*

<b>"The Medicare Prescription Drug Legislation introduced by House Republicans will do little to ease the pain of seniors and people with disabilities struggling to afford their prescription drug medications... It makes little sense to push seniors into private plans – especially since they are unreliable, do a poor job of serving people in rural communities, and cause beneficiaries to lose their choice of doctors. In this respect, the House bill is a big step backwards."</b>	Ron Pollack, executive director of Families USA	June 24, 2003	Press Release
<b>"The House Republican leadership's bill is more radical than legislation being considered in the Senate. Besides pushing beneficiaries into private insurance plans to get prescription drug coverage, the House legislation would also force many into private plans for their doctor and hospital coverage."</b>	Public Citizen	June 24, 2003	Report: <i>Private Insurance Plans &amp; Medicare: The Disappointing History</i>
<b>"The Senate and House bills generally would impose higher deductibles and require steeper co-payments than most employer-sponsored plans. They also have coverage gaps not seen in most employer-sponsored plans where prescription drug benefits would shut down until they reach a certain level."</b>	News Story	June 23, 2003	Newsday

<b>"What we're doing is departing from our historic policy: first you were elderly, and only second, poor. Under this we're doing just the opposite, saying first, you're poor, and then we don't really care if you're elderly. That makes Medicare not a universal program anymore for the elderly and disabled. That's a very big shift in principle."</b>	Robert Reischauer, Urban Institute president and former CBO director	June 23, 2003	Boston Globe
<b>"Since 1965, the guarantee of Medicare is no matter who you are, if you were a street sweeper or a king, all benefits helped all beneficiaries. Medicare has never been means-tested."</b>	Melanie Nathanson, senior health policy analyst, Center on Budget and Policy Priorities	June 23, 2003	Boston Globe
<b>"Some health policy experts and advocates say that a provision in the House Medicare bill that would require beneficiaries with higher incomes to pay more out-of-pocket drug costs before catastrophic coverage takes effect is a step towards implementing means testing under Medicare."</b>	Kaiser Health Report	June 23, 2003	Kaiser Daily Health Policy Report
<b>"The House proposal would replace Medicare's guaranteed coverage with a guarantee only that the elderly would get a sum of money to buy whatever kind of benefits - at whatever price - private insurers choose to offer. Those who want traditional fee-for-service Medicare would be forced to pay higher premiums. So at least now we know the drug plan, skimpy and fraught with uncertainties, is merely a cover for achieving former House Speaker Newt Gingrich's dream of forcing Medicare to 'wither on the vine.'"</b>	Marie Cocco	June 23, 2003	Newsday
<b>"Two slightly different plans for prescription drug benefits to seniors are being considered by the U.S. House and Senate, but one simple fact tells the bottom line of both: By 2013, with either plan in place, the average senior will be spending almost twice as much on prescription drugs as he or she does today with no plan. The insurance industry is likely to walk away with between \$40 billion and \$80 billion of the money Congress eventually approves, and the pharmaceutical industry also will make a killing."</b>	Dean Baker, co-director of the Center for Economic and Policy Research	June 22, 2003	St. Louis Post-Dispatch
<b>"[T]he plans have huge benefit gaps. Coverage stops after bills reach a certain amount -- \$4,500 in the Senate plan or \$2,000 in the House -- then kicks back in when a much higher threshold is met. Many Medicare patients would have coverage in name only. Politicians are likely to score big points with their constituents for creating buying clubs or adding drug coverage to Medicare. But for the many elderly seeking help with skyrocketing prescription drug costs, the benefits of these plans are likely to be considerably more modest."</b>	Editorial	June 22, 2003	St. Louis Post-Dispatch
<b>"Republicans in the House are still holding out for a bill that would eventually allow private companies to run much of Medicare. That's a recipe for inaction. Democrats have good reason to be skeptical of such Medicare reform. Pilot privatization plans have met with little</b>	Editorial	June 21, 2003	Portland Press Herald

success, after all. For-profit insurers would have a lot of incentive to attract the Medicare patients who are least likely to get sick. Eventually, that could leave the government program covering a group of people with a lot of medical bills. That could be expensive and ultimately serve to weaken the program.”			
“[T]he mixed experience with managed Medicare programs, particularly HMOs, is good argument for caution. Many private plans, using drug benefits to attract enrollees, all too soon began cutting back benefits, hiking premiums or dropping the Medicare program altogether.”	Editorial	June 20, 2003	Akron Beacon Journal
“Nearly three-quarters of U.S. seniors prefer to stay with Medicare, rather than switching to private health plans. Seven in 10 seniors want to maintain health insurance through the government-run Medicare program, while just 16 percent say they would try a private plan.”	Report by Kaiser Family Foundation	June 19, 2003	Reuters
“The Center for Medicare Advocacy Inc. supports a uniform, secure Medicare prescription drug benefit that is affordable and available to all beneficiaries. The proposal under consideration by the House Ways and Means Committee and the House Energy and Commerce Committee this week, does not meet any of these principles. Thus, the proposal does not give older people and people with disabilities the health coverage they need and they expect to receive. “	Center for Medicare Advocacy Inc.	June 19, 2003	Fact Sheet
“I share your concern that this [House GOP] bill opens the door to the privatization of Medicare and should be opposed...The premium support proposal could destroy the Medicare that millions of senior citizens rely on today, and force them to join HMOs or PPOs. It could dramatically raise Medicare premiums and victimize the oldest and sickest of the Medicare population.”	Rep. Edward Kennedy (D-MA)	June 18, 2003	Letter from Sen. Edward Kennedy to Rep. John Dingell (D-MI)
“A package passed last week by the Senate Finance Committee was heralded for its bipartisan compromise, but it still falls short of what's needed. So does the House version. Lawmakers who want to convince senior citizens they've made good on their prescription promise are trying to sell this as a start. But it's a confusing, costly and inadequate start. Congress needs to make some substantial changes.”	Editorial	June 18, 2003	Detroit Free Press
"We've said from Day 1 that that was not going to be enough to fund a sufficient benefit. If you don't make the prescription-drug benefit attractive enough, the only people who will enroll are people with high drug costs. And that's not going to help this program to survive."	David Certner, director of federal affairs for the AARP	June 18, 2003	Christian Science Monitor
"I doubt there's a PBM that would agree to accept risk... I don't see health plans lining up to take this risk. It could be a party to which hardly anybody comes."	Norm Fidel, Alliance Capitol Management	June 18, 2003	CongressDaily
“The [House] bill would benefit pharmaceutical companies such as	News Story	June 18, 2003	Bloomberg

<b>Pfizer Inc., the biggest drugmaker, by boosting sales of medications, and managed-care companies such as No. 1 U.S. health insurer UnitedHealth Group Inc. by encouraging patients to move from Medicare's basic plan to privately managed plans that might offer options such as dental coverage."</b>			
<b>"The Congressional Budget Office estimates that 32 percent of retired workers with employer-sponsored drug coverage would lose it under the House bill. The comparable figure for the Senate bill is 37 percent."</b>	News Story	June 18, 2003	New York Times
<b>"Forcing seniors to use private insurance coverage rather than allowing them to receive prescription drug benefits through the current Medicare system neither adequately protects their interests nor their health. While we are very pleased Congress is working to improve Medicare, we must ensure they are passing a bill that provides our seniors with the comprehensive and affordable coverage they deserve -- not a plan with excessive out-of-pocket costs and limited coverage options."</b>	Georges C. Benjamin, MD, executive director, American Public Health Association	June 17, 2003	Press Release
<b>"Under the House Ways and Means Committee bill, the average Medicare beneficiary (without prescription drug coverage) spending \$2,318 in 2003 would find that his or her out-of-pocket costs for prescription drugs (including costs of premium, deductible, co-payments) are higher in 2007, despite the new prescription drug benefit, and would total \$2,954 (real 2003 dollars)."</b>	Consumers Union	June 17, 2003	Report: A Prescription for Failed Expectations
<b>"This looks like a prescription for failed expectations. The results with regard to Medicare beneficiaries' out-of-pocket costs are most disturbing. Consumers may be shocked to learn that the Medicare prescription drug bills currently being fast-tracked in Congress aren't going to help them nearly as much as they are being led to believe. In fact, the combination of skimpy benefits and the historically high growth of prescription drug costs mean that most consumers who lack coverage today would wind up paying more for prescription drugs in four years than they do now."</b>	Gail Shearer, Director of Health Policy, Consumers Union	June 17, 2003	Report: A Prescription for Failed Expectations
<b>"The problem is that this [private plans] response is not good for limiting overall costs to either the federal government or to society as a whole."</b>	Marilyn Moon, senior fellow, Urban Institute	June 16, 2003	CQ
<b>"A lot of seniors are going to look at that and say, 'Well, this doesn't do a thing'. This could blow up for Republicans."</b>	Robert Laszewski, president of Health Policy and Strategy Associates	June 16, 2003	USA Today
<b>"If they want to stay in [fee-for-service], it may cost more."</b>	Ways and Means Chairman Bill Thomas (R-CA)	June 16, 2003	CQ
<b>"PPO plans are more expensive to operate than fee-for-service because their administrative costs are higher and because individual plans lack the clout of the government in negotiating rates with providers. The CMS [Centers for Medicare and Medicaid Services]</b>	News Story	June 16, 2003	CQ

<b>analysis showed that PPOs' administrative expenses were 8 percent to 13 percent of plan expenditures, compared with 2 percent or less than fee-for-service Medicare."</b>			
<b>"For a lot of seniors, that [House bill drug cost] is going to be more money than they spend on prescription drugs right now. It is not going to solve their financial concerns. A lot of them would still be paying out of pocket."</b>	Karen Davis, president of the Commonwealth Fund	June 15, 2003	Orange County Register
<b>"The [House bill] benefit is rather skimpy and has a bizarre structure. It is an insurance structure that exists nowhere in the private sector or in nature. It is motivated by a desire to gain political support while saving money."</b>	Robert Reischauer, Urban Institute president and former CBO director	June 15, 2003	Orange County Register
<b>"The private sector that is supposed to be excited about this isn't."</b>	Ira Loss, health care analyst, Washington Analysis	June 14, 2003	New York Times
<b>"This [Senate Medicare bill] just seems like a creature of political expediency or compromise. It's not plausible to me that there's really an economic logic to the political policy that's being proposed."</b>	Frank R. Lichtenberg, a professor of business, Columbia University	June 14, 2003	New York Times
<b>"My hunch is when stories come out of people with \$10,000 drug bills who still are aching, Congress will have to revisit the issue."</b>	Uwe E. Reinhardt, professor of economics, Princeton University	June 14, 2003	New York Times
<b>"Employer-based coverage for retirees and family members is an endangered species. If you don't design a drug benefit that helps strengthen employer-based coverage, you're going to create a problem."</b>	Gerry Shea, assistant to the president of the AFL-CIO	June 12, 2003	Wall Street Journal
<b>"While a prescription drug benefit is clearly important for America's seniors, we are disappointed that the [Senate] bill does not address impending cuts in Medicare physician payment that threaten seniors' access to care."</b>	Former AMA President Yank Coble	June 12, 2003	CongressDaily
<b>"Seniors were promised a prescription drug benefit, but there needs to be a level playing field between traditional Medicare and private plans in terms of benefits."</b>	Former Rep. Barbara Kenneally	June 11, 2003	Press Release
<b>"Health-plan competition has actually been dwindling for a decade, with oligopolies emerging in most big cities, and it has all but disappeared in rural America, where many of the elderly live. As for Medicare, dozens of HMOs have actually dropped out of the program in the last five years because they could not make a profit while caring for elderly patients at Medicare prices. The HMOs that offered prescription-drug benefits were the ones operating in states where federal formulas provided extremely higher government reimbursement."</b>	Editorial	June 11, 2003	Minneapolis Star-Tribune
<b>"Without further improvements in the [Senate Medicare] bill, we are concerned that only a small proportion of seniors would sign up for the new drug benefits."</b>	John C. Rother, policy director of AARP	June 11, 2003	New York Times



<b>"We need to make sure our local community pharmacies are not driven out of business. Nine-tenths of my seniors would not know how to do mail-order. Having worked in the insurance industry myself, I can tell you that's a nonstarter."</b>	Rep. Jo Ann Emerson (R-Mo)	June 10, 2003	CongressDaily
<b>"We are entering uncharted territory. We have 38 years of experience with the fee-for-service program, but nobody has much experience with drug benefits or P.P.O.'s in Medicare."</b>	Thomas Scully, Medicare Administrator	June 10, 2003	New York Times
<b>"We need to make sure our local community pharmacies are not driven out of business. Nine-tenths of my seniors would not know how to do mail-order. Having worked in the insurance industry myself, I can tell you that's a nonstarter."</b>	Rep. Jo Ann Emerson (R-Mo)	June 10, 2003	CongressDaily
<b>"They don't understand why coverage would end just at the point when they need it the most. They interpret it as some kind of trick."</b>	John C. Rother, policy director of AARP	June 9, 2003	Wall Street Journal
<b>"Employers who are doing this [providing health care benefits] are going to say, 'Now that our employees can get a government benefit, we're going to drop coverage.' "</b>	Kate Sullivan, director of health-care policy at the U.S. Chamber of Commerce	June 9, 2003	Wall Street Journal
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<b>"If Medicare beneficiaries switched into one of [the federal employee] private insurance plans they would find that a majority of the doctors that participate with traditional Medicare do not participate with the private plans."</b>	Report by Public Citizen	June 5, 2003	CongressDaily
<b>"Congress should not be cutting taxes, with the federal deficit growing and a war to pay for. And it is disturbing that changes would be paid for by taking from other areas of Medicare."</b>	Editorial	May 17, 2003	Des Moines Register
<b>"Only an expansion of the Medicare benefit package to include good prescription drug coverage will ensure that all people with Medicare get life-sustaining drugs. All the data and empirical evidence indicate that current proposals to offer prescription drug coverage to people only through private health plans or stand-alone drug policies would both cost the Medicare program significantly more money and shift more costs and provide less reliable coverage to people with Medicare."</b>	Medicare Rights Center	May 29, 2003	Press Release